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MILK MARKET INFORMATION BULLETIN
CHATTANOOGA, TENNESSEE, MARKETING AREA

Volume 19

MARCH 1975

Number 8

Released Pursuant to \$1000.3 and \$1090.86, USDA-AMS
Federal Order No. 90, 112 Lee Parkway Drive, Chattanooga, Tennessee 37411
J. E. Bobo, Market Administrator

MARKET SUMMARY - MARCH 1975

The Chattanooga Order MINIMUM uniform producer prices per cwt. at pool plants for milk testing 3.5% butterfat are: Base Milk - \$8.75 and Excess Milk - \$6.86. The producer butterfat differential is 7.8 cents for each one-tenth of one percent above or below 3.5% test. This is a Base and Excess price decrease of \$1.10 and \$1.29 respectively below March 1974.

In March 1975, 73.7% of the producer milk received by pool plants was priced in Class I at \$9.00 per cwt. and 8.2% was priced in Class II at \$6.96 per cwt. and 18.1% was priced in Class III at \$6.86 per cwt. The March 1975 butterfat differential for all milk testing above or below 3.5% is 7.8 cents.

Total producer milk received during March 1975 was 31,076,408 pounds which is a decrease of 3,883,634 pounds or 11.1% compared with March 1974. Deliveries of producer Base milk exceeded producer milk in Class I by 3,126,410 pounds or percentagewise only 87.8% of Base milk was used in Class I. The March 1975 daily average deliveries from 567 producers was 1,768 pounds. This compares to 701 farms delivering a daily average of 1,609 pounds per day during March 1974.

MILK PRODUCTION STEADY

Milk output in January held just above a year ago. However, increases in output have slackened since the 3 percent rise of last September. Relatively high feed prices have limited concentrate feeding and output per cow, although herd culling has been reduced because of the continued low slaughter cow prices.

Milk output per cow rose less than 1 percent in January, the smallest year-to-year gain since April of last year. Farmers have cut back feeding of high-priced grain and concentrates in response to the generally unfavorable milk-feed price relationship of recent months. On January 1, dairy farmers reported feeding 2½ percent less grain and concentrates to dairy cows than a year earlier.

Milk cow numbers in early 1975 were down less than 1 percent from January a year ago, compared with a 3 percent drop entering 1974.

Production increases early this year were generally centered in the Northeast, Appalachian and Mountain regions. Of the 34 States reporting, half showed production gains in January. Production dropped slightly in Wisconsin, following gains of 3½ percent last fall. Minnesota's output also was down in January, although production in the other major dairy States - California, New York, and Pennsylvania - was still up around 2 percent.

Source: Dairy Situation (USDA) March 1975

COMPARISON OF MILK RECEIPTS AND UTILIZATION 1/
(DAILY AVERAGE POUNDS)

| | % Mar. '75 Over Mar. '74 | Mar. 1975 | Feb. 1975 | Mar. 1974 |
|---|--------------------------------|--------------|--------------|--------------|
| Number of Plants - Pool | | <u>4</u> | <u>4</u> | <u>4</u> |
| - Non-Pool | | 14 | 15 | 13 |
| <u>RECEIPTS</u> | | | | |
| Pool Plants - Producer Milk | -11.1 | 1,002,465 | 988,471 | 1,127,743 |
| - Other Source | - 3.1 | 55,301 | 49,615 | 57,072 |
| - Other Federal Orders | -89.0 | 3,453 | 4,313 | 31,521 |
| Non-Pool Plants - Cl. I Sales in Area | + 5.5 | 62,864 | 65,906 | 59,504 |
| TOTAL MILK RECEIPTS | -11.9 | 1,124,083 | 1,108,305 | 1,275,930 |
| <u>UTILIZATION</u> | | | | |
| <u>Class I Uses</u> | | | | |
| Homo Milk | - .6 | 388,130 | 402,309 | 390,301 |
| 2% Milk | +15.7 | 243,284 | 251,629 | 210,338 |
| Skim | - 1.2 | 21,094 | 21,487 | 21,358 |
| Buttermilk | - .2 | 57,821 | 58,170 | 57,925 |
| Flavored Milk and Drink | - 2.4 | 30,485 | 34,127 | 31,236 |
| Sub-Total of Pkg. Items (Pool Plants) | + 4.2 | 740,814 | 767,722 | 711,158 |
| Other | | -0- | 11 | |
| Sales to Non-Pool Plants | | -0- | 3,280 | 7,621 |
| In Area Sales by Non-Pool Plants | + 5.7 | 62,864 | 65,906 | 59,502 |
| TOTAL CLASS I USAGE | | 803,678 | 836,919 | |
| <u>Class II Uses - Pool Plants only</u> | | | | |
| Sweet Creams - Routes | + 6.4 | 2,283 | 2,167 | 2,145 |
| Sour Cream and Dip - Routes | +13.1 | 1,706 | 1,656 | 1,508 |
| Yogurt - Routes | +66.4 | 689 | 527 | 414 |
| Ice Cream | +24.0 | 72,527 | 65,072 | 58,493 |
| Other | | 55,001 | 55,653 | |
| Sales to Non-Pool Plants | | 5,636 | 5,423 | |
| TOTAL CLASS II USAGE | | 137,842 | 130,498 | |
| <u>Class III Uses - Pool Plants only</u> | | | | |
| Animal Feed and Dumped | + 5.6 | 4,701 | 4,917 | 4,453 |
| Class III Shrinkage | | 10,679 | 11,953 | |
| Inventory Variation | | 21,641 | (5,462) | |
| Other, Overage, etc. | | (37) | 30 | |
| Bulk Sales to Non-Pool Plants | | 145,579 | 129,450 | |
| TOTAL CLASS III USAGE | | 182,563 | 140,888 | |
| <u>IN AREA PACKAGE ROUTE DISPOSITION</u> | | | | |
| <u>BY POOL PLANTS AND NON-POOL PLANTS</u> | | | | |
| Homo Milk | - 3.2 | 303,000 | 313,375 | 313,050 |
| 2% Milk | +18.7 | 172,099 | 179,067 | 145,044 |
| Skim and 1% Milk | - 3.5 | 15,108 | 15,882 | 15,664 |
| Buttermilk | - 3.2 | 44,532 | 45,121 | 45,994 |
| Flavored Milk and Drink | + 1.0 | 24,972 | 27,964 | 24,716 |
| Total Class I Disposition In-Area | + 2.8 | 559,711 | 581,409 | 544,468 |
| <u>CLASS I PKG. ROUTE DISPOSITION</u> | | | | |
| In-Area by Pool Plants | + 2.5 | 496,847 | 515,503 | 484,966 |
| In-Area by Non-Pool Plants | + 5.7 | 62,864 | 65,906 | 59,502 |

1/ The Order was amended effective August 1, 1974 to provide for a three use classification. Therefore, comparison with previous months are not made for all items of use.

COMPUTATION OF WEIGHTED AVERAGE PRICE

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| March 1975 | Class Percent | Butterfat Pounds | Product Pounds | Cwt. Price @ 3.5% | Total Value |
|--|------------------|---------------------|-------------------|----------------------|----------------|
| Class I Producer Milk | 73.706 | 587,070 | 22,905,222 | \$9.00 | \$2,061,469.98 |
| Class II Producer Milk | 8.198 | 218,507 | 2,547,714 | 6.96 | 177,320.89 |
| Class III Producer Milk | 18.096 | 396,434 | 5,623,472 | 6.86 | 385,770.18 |
| TOTAL PRODUCER MILK | 100.000 | 1,202,011 | 31,076,408 | | \$2,624,561.05 |
| Less Handler Class I Location Adjustment | | | | | -0- |
| Add Value of Overages | | | | | 104.49 |
| Add Inventory Reclassification Charges | | | | | 3.69 |
| Add Value of Class I Other Source Milk and Producer Location Adjustment | | | | | -0- |
| Add $\frac{1}{2}$ Producer-Settlement Fund Balance | | | | | 11,144.75 |
| Total Utilization Value @ 3.5% Test | | | 31,076,408 | \$8.481720 | \$2,635,813.98 |
| Less Producer-Settlement Fund Reserve | | | 31,076,408 | .041720 | |
| WEIGHTED AVERAGE PRICE @ 3.5% TEST | | | 31,076,408 | \$8.44 | |

COMPUTATION OF UNIFORM BASE AND EXCESS PRICES

| March 1975 | Product Pounds | Cwt. Price @ 3.5% | Excess Value | Total Value |
|--|-------------------|----------------------|-----------------|----------------|
| Total Utilization Value 3.5% Test | 31,076,408 | xxx | xxx | \$2,635,813.98 |
| Excess Milk Used in Class I | -0- | \$9.00 | | |
| Excess Milk Used in Class II | -0- | 6.96 | | |
| Excess Milk Used in Class III | 4,984,774 | 6.86 | 341,955.50 | |
| UNIFORM EXCESS PRICE @ 3.5% TEST | 4,984,774 | \$6.86 | | 341,955.50 |
| Less FMP from unregulated supply plants allocated to Class I @ Wt. Av. Price | -0- | | | |
| TOTAL VALUE OF BASE MILK | 26,091,634 | \$8.791548 | | \$2,293,858.48 |
| Less Producer-Settlement Fund Reserve | 26,091,634 | .041548 | | 10,840.55 |
| UNIFORM BASE PRICE @ 3.5% TEST | 26,091,634 | \$8.75 | | \$2,283,017.93 |

MARCH 1975 MINIMUM PRODUCER PRICES CWT. f.o.b. CHATTANOOGA POOL PLANTS
BUTTERFAT DIFFERENTIAL 7.8 PER POINT (EXCLUDES PREMIUMS)

| TEST-% | BASE | EXCESS | TEST-% | BASE | EXCESS | TEST-% | BASE | EXCESS |
|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| 3.0 | \$8.36 | \$6.47 | 4.0 | \$9.14 | \$7.25 | 5.0 | \$9.92 | \$8.03 |
| 3.05 | 8.399 | 6.509 | 4.05 | 9.179 | 7.289 | 5.05 | 9.959 | 8.069 |
| 3.1 | 8.438 | 6.548 | 4.1 | 9.218 | 7.328 | 5.1 | 9.998 | 8.108 |
| 3.15 | 8.477 | 6.587 | 4.15 | 9.257 | 7.367 | 5.15 | 10.037 | 8.147 |
| 3.2 | 8.516 | 6.626 | 4.2 | 9.296 | 7.406 | 5.2 | 10.076 | 8.186 |
| 3.25 | 8.555 | 6.665 | 4.25 | 9.335 | 7.445 | 5.25 | 10.115 | 8.225 |
| 3.3 | 8.594 | 6.704 | 4.3 | 9.374 | 7.484 | 5.3 | 10.154 | 8.264 |
| 3.35 | 8.633 | 6.743 | 4.35 | 9.413 | 7.523 | 5.35 | 10.193 | 8.303 |
| 3.4 | 8.672 | 6.782 | 4.4 | 9.452 | 7.562 | 5.4 | 10.232 | 8.342 |
| 3.45 | 8.711 | 6.821 | 4.45 | 9.491 | 7.601 | 5.45 | 10.271 | 8.381 |
| 3.5 | 8.75 | 6.86 | 4.5 | 9.53 | 7.64 | 5.5 | 10.31 | 8.42 |
| 3.55 | 8.789 | 6.899 | 4.55 | 9.569 | 7.679 | 5.55 | 10.349 | 8.459 |
| 3.6 | 8.828 | 6.938 | 4.6 | 9.608 | 7.718 | 5.6 | 10.388 | 8.498 |
| 3.65 | 8.867 | 6.977 | 4.65 | 9.647 | 7.757 | 5.65 | 10.427 | 8.537 |
| 3.7 | 8.906 | 7.016 | 4.7 | 9.686 | 7.796 | 5.7 | 10.466 | 8.576 |
| 3.75 | 8.945 | 7.055 | 4.75 | 9.725 | 7.835 | 5.75 | 10.505 | 8.615 |
| 3.8 | 8.984 | 7.094 | 4.8 | 9.764 | 7.874 | 5.8 | 10.544 | 8.654 |
| 3.85 | 9.023 | 7.133 | 4.85 | 9.803 | 7.913 | 5.85 | 10.583 | 8.693 |
| 3.9 | 9.062 | 7.172 | 4.9 | 9.842 | 7.952 | 5.9 | 10.622 | 8.732 |
| 3.95 | 9.101 | 7.211 | 4.95 | 9.881 | 7.991 | 5.95 | 10.661 | 8.771 |

CHATTANOOGA ORDER MINIMUM MILK PRICES (3.5 PERCENT TEST)

| Date | PRODUCER UNIFORM PRICES 1/ | | | | HANDLER CLASS PRICES 1/ 4/ | | |
|----------|----------------------------|--------|--------|----------|----------------------------|----------|-----------|
| | Per Hundredweight | | | | Class I | Class II | Class III |
| | Uniform | Base | Excess | Bf. Dif. | Cwt. | Cwt. | Cwt. |
| Mar. '74 | \$9.51 2/ | \$9.85 | \$8.15 | 7.8¢ | \$10.25 | \$8.15 | |
| Apr. | 9.33 2/ | 9.81 | 7.73 | 8.0 | 10.29 | 7.73 | |
| May | 9.17 2/ | 9.89 | 6.93 | 7.6 | 10.30 | 6.93 | |
| June | 8.50 2/ | 9.17 | 6.31 | 7.2 | 9.88 | 6.31 | |
| July | 8.20 2/ | 8.66 | 6.29 | 7.2 | 9.08 | 6.29 | |
| Aug. | 8.21 | - | - | 7.7 | 8.46 | 6.49 | \$6.39 |
| Sept. | 8.20 | - | - | 7.8 | 8.44 | 6.79 | 6.69 |
| Oct. | 8.35 | - | - | 7.9 | 8.54 | 6.92 | 6.82 |
| Nov. | 8.66 | - | - | 7.9 | 8.84 | 6.86 | 6.76 |
| Dec. | 8.43 | - | - | 7.5 | 8.97 | 6.51 | 6.41 |
| Jan. '75 | 8.56 | - | - | 7.7 | 8.91 | 6.90 | 6.80 |
| Feb. | 8.49 | - | - | 7.8 | 8.95 | 6.95 | 6.85 |
| Mar. | 8.44 2/ | 8.75 | 6.86 | 7.8 | 9.00 | 6.96 | 6.86 |
| Apr. | - | - | - | - | 9.00 | - | - |
| May | - | - | - | - | 9.01 | - | - |

| Date | PRICE QUOTATIONS | | | PRODUCER MILK USE 4/ | | | | | |
|----------|------------------|------------------|----------------------|----------------------|-----------------|------------------|----------------|--------|---------|
| | Chi. 92° Butter | Chi. Area Powder | Minn/Wisc. Mfg. Milk | (Daily Average) | | | Percentage Use | | |
| | ¢ Lb. | ¢ Lb. | Cwt.-3.5% | Class I Pounds | Class II Pounds | Class III Pounds | Cl. I | Cl. II | Cl. III |
| Mar. '74 | 68.06 | 61.52 | \$8.15 | 723,583 | 404,160 | | 64.2 | 35.8 | |
| Apr. | 68.23 | 68.73 | 7.73 | 744,227 | 434,702 | | 63.1 | 36.9 | |
| May | 60.51 | 66.22 | 6.93 | 804,711 | 378,718 | | 68.0 | 32.0 | |
| June | 60.57 | 58.45 | 6.31 | 697,373 | 443,971 | | 61.1 | 38.9 | |
| July | 60.83 | 56.52 | 6.29 | 715,569 | 324,116 | | 68.8 | 31.2 | |
| Aug. | 67.08 | 57.05 | 6.39 | 719,339 | 89,630 | 19,000 | 86.9 | 10.8 | 2.3 |
| Sept. | 67.71 | 56.93 | 6.69 | 729,330 | 71,550 | 51,283 | 85.6 | 8.4 | 6.0 |
| Oct. | 68.84 | 56.91 | 6.82 | 745,752 | 68,293 | 34,930 | 87.8 | 8.1 | 4.1 |
| Nov. | 68.88 | 56.94 | 6.76 | 782,226 | 56,786 | 32,846 | 89.7 | 6.5 | 3.8 |
| Dec. | 65.32 | 56.74 | 6.41 | 725,078 | 60,395 | 136,814 | 78.6 | 6.6 | 14.8 |
| Jan. '75 | 66.82 | 56.73 | 6.80 | 764,045 | 72,610 | 84,210 | 83.0 | 7.9 | 9.1 |
| Feb. | 68.07 | 59.24 | 6.85 | 768,419 | 80,627 | 139,425 | 77.7 | 8.2 | 14.1 |
| Mar. | 68.07 | 60.58 | 6.86 | 738,878 | 82,184 | 181,403 | 73.7 | 8.2 | 18.1 |

SUMMARY OF RECEIPTS AND USE (DAILY AVERAGE POUNDS)

| Date | HANDLERS GROSS MILK 3/ | | | PRODUCER DATA | | | | | |
|----------|------------------------|----------------|----------------|---------------|-----------|----------------|---------------|----------------|--------------|
| | No. Hdlers | Total Receipts | Class I Use 4/ | Pool Plants | No. Prod. | Total Delivery | Base Delivery | Average Test-% | Av. Per Farm |
| Mar. '74 | 17 | 1,275,930 | 783,913 | 4 | 701 | 1,127,743 | 909,675 | 3.74 | 1,609 |
| Apr. | 18 | 1,406,083 | 806,245 | 4 | 750 | 1,178,929 | 913,117 | 3.73 | 1,572 |
| May | 18 | 1,393,911 | 868,280 | 4 | 749 | 1,183,429 | 899,410 | 3.67 | 1,580 |
| June | 18 | 1,302,939 | 753,227 | 4 | 722 | 1,141,344 | 877,774 | 3.61 | 1,581 |
| July | 18 | 1,178,805 | 765,797 | 4 | 731 | 1,039,685 | 841,605 | 3.59 | 1,422 |
| Aug. | 17 | 983,351 | 818,969 | 3 | 579 | 827,969 | - | 3.62 | 1,430 |
| Sept. | 17 | 990,981 | 805,362 | 3 | 561 | 852,163 | - | 3.64 | 1,519 |
| Oct. | 18 | 1,009,566 | 848,006 | 4 | 517 | 848,975 | - | 3.77 | 1,642 |
| Nov. | 18 | 1,001,646 | 862,322 | 4 | 549 | 871,858 | - | 3.81 | 1,588 |
| Dec. | 18 | 1,030,894 | 790,484 | 4 | 616 | 922,287 | - | 3.94 | 1,497 |
| Jan. '75 | 19 | 1,047,656 | 837,544 | 4 | 525 | 920,865 | - | 3.89 | 1,754 |
| Feb. | 19 | 1,108,305 | 836,919 | 4 | 601 | 988,471 | - | 3.85 | 1,645 |
| Mar. | 18 | 1,124,083 | 803,678 | 4 | 567 | 1,002,465 | 841,666 | 3.87 | 1,768 |

1/ Excludes Premiums

2/ Weighted Average Price

3/ Other Source is Gross minus Producer

4/ Order amended Aug. 1, 1974 to provide for three classes of utilization; therefore, not comparable in all categories to previous months.